



# **State Transportation Commission and Michigan Aeronautics Commission**

**March 29, 2007**

**Kirk T. Steudle, Director  
Michigan Department of Transportation**

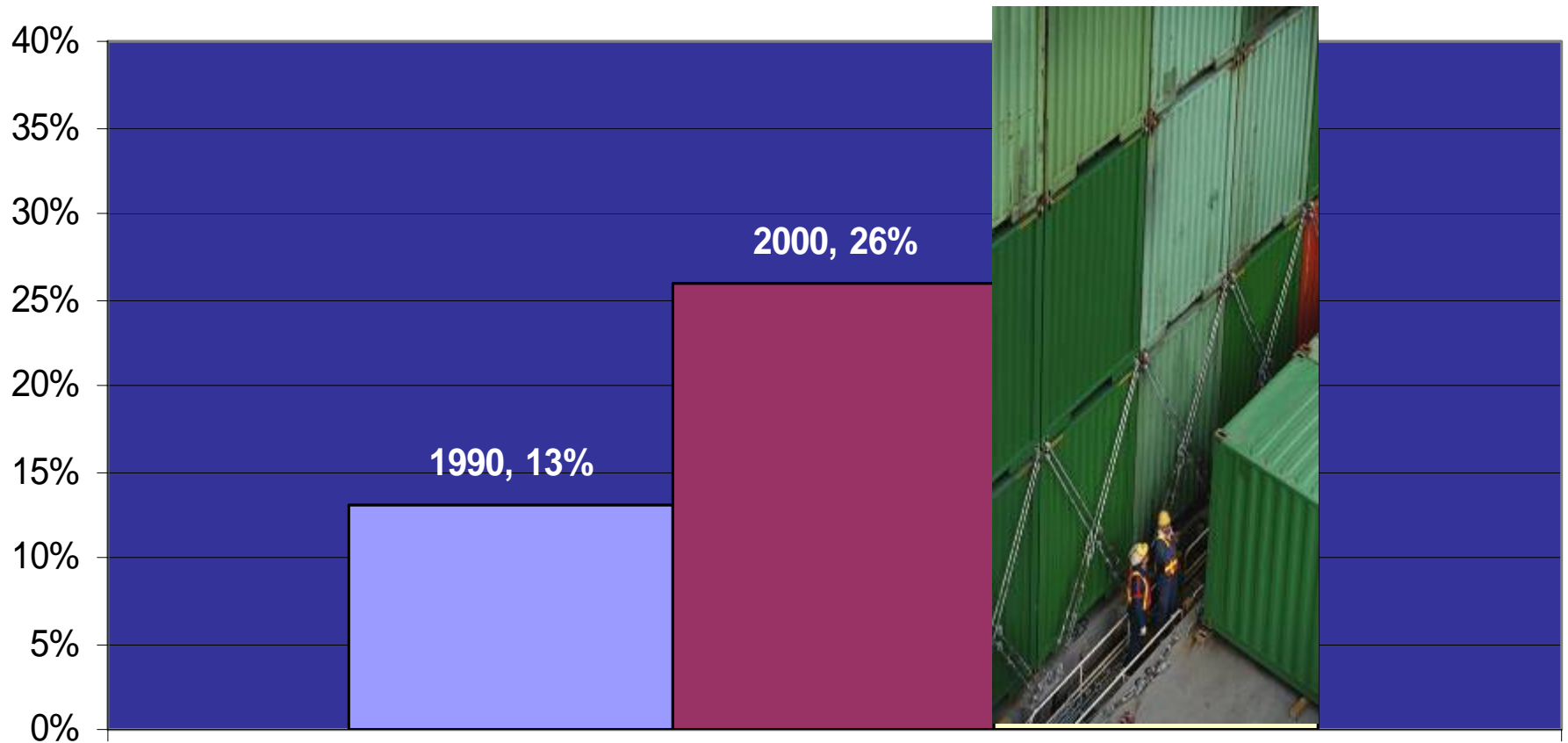
# Overview

- U.S. Surface Transportation System
- Michigan Transportation System
  - Aeronautics
  - Highway Road & Bridge

# Global Competitiveness, Not Revenue, Is the Real Challenge

- China - 53,000 mile National Expressway System by 2020
- India - 10,000 mile system
- Europe - Highways, bridges, tunnels, ports and rail lines.

# Growth in Trade as a Percentage of US GDP



# Foreign Demand Contributes to U.S. Construction Costs Which Will Increase by 70 percent, 1993-2015

- Asphalt
- Steel
- Construction Machinery
- Petroleum



# The Gathering Crisis in Highway Funding

- Shortfall in Highway Trust Fund could reduce federal aid
- Skyrocketing construction costs erode purchasing power

# The Highway Trust Fund Crisis

- This report showed an \$ 11 billion Federal-aid highway reduction in FY 2009
- President's FY 08 budget shows deficits in the Highway Account of \$200 million and \$5.7 billion in calendar years 2008 and 2009
- This requires program reductions of:
  - \$800 million in FY 2009
  - \$18 billion in FY 2010

# The Future of the Interstate

“If the Interstate System planned in the first half of the 20th century and built in the second half is considered Phase I, it’s time to modernize the system in place and build the additional capacity needed for the 21st century in Phase II.”

AASHTO Vice President Pete Rahn,  
Director, Missouri DOT





# A Strategy for a 21<sup>st</sup> Century Interstate System

- Preserve the current system
- Enhance its performance
- Expand capacity to meet future needs, and
- Reduce growth in highway demand by expanding the capacity of transit and rail

# MDOT's Transportation Assets

- 488 landing facilities
- 18,610 active pilots
- 7,800 registered aircraft
- 30 scheduled airlines
- 6 aircraft manufacturers
- 131 aircraft/component repair stations
- 6 military aviation facilities
- 1,000 acres of wetlands, monitored for five years
- 2,000 miles of non-motorized facilities
- 650 miles of RR track, 107 RR bridges, 736 RR Xings

# MDOT's Transportation Assets

- 9,700 miles of road (27,000 lane miles); 5,700 bridges
- 215 park-and-ride lots
- 2,400 trucks, maintenance vehicles, vans and cars
- 450,000 signs; 4,000 traffic lights; 8 million linear feet of guardrails; 4,500 miles of fences
- 83 rest areas; 13 travel information centers
- 85 roadside parks; 27 scenic turnouts; 41 picnic sites; 2,400 picnic tables
- 163 pump houses; 188 water wells; 54 sewage disposal facilities; 64,000 catch basins

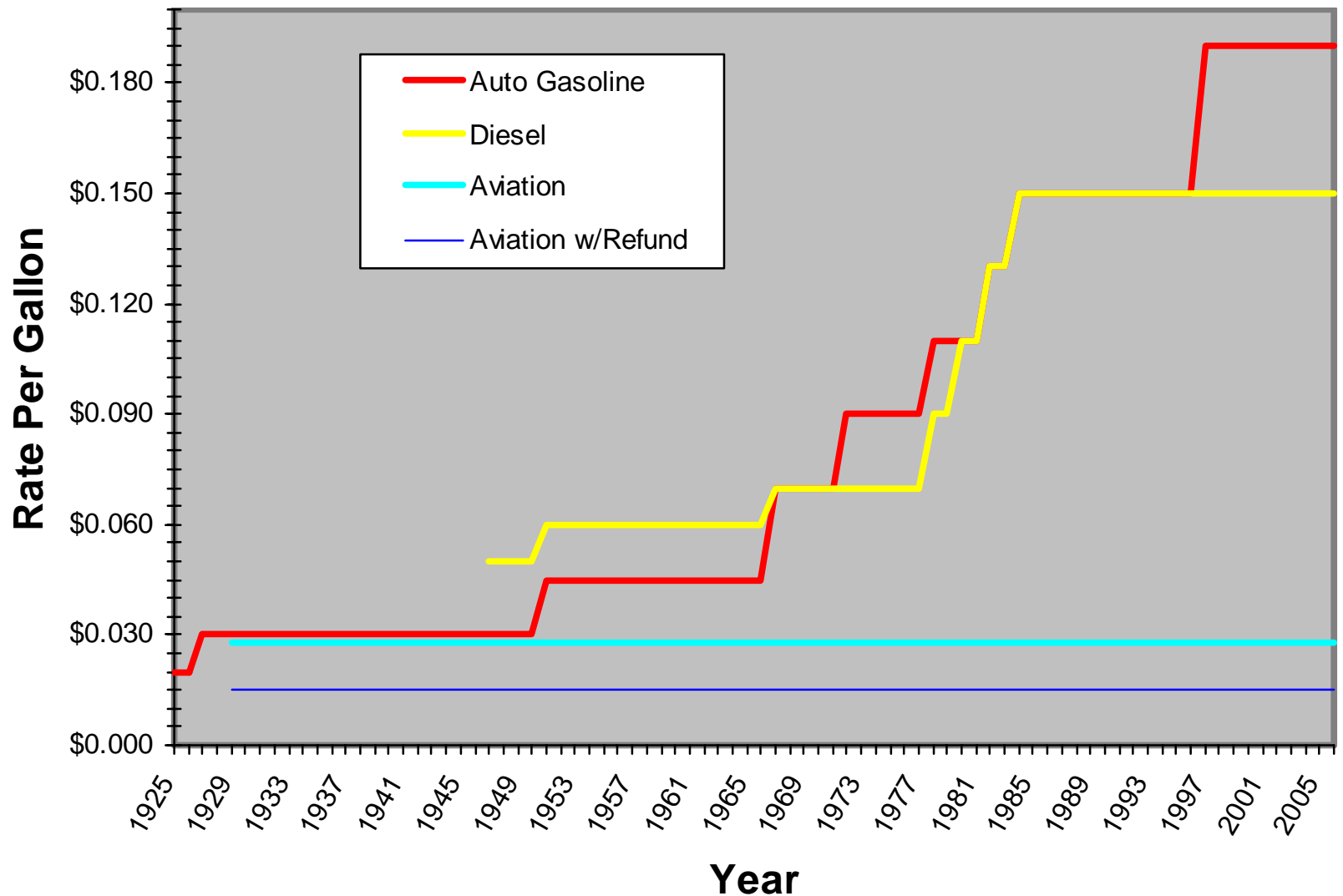
# Transportation Funding Sources

Mix of state revenues and federal aid

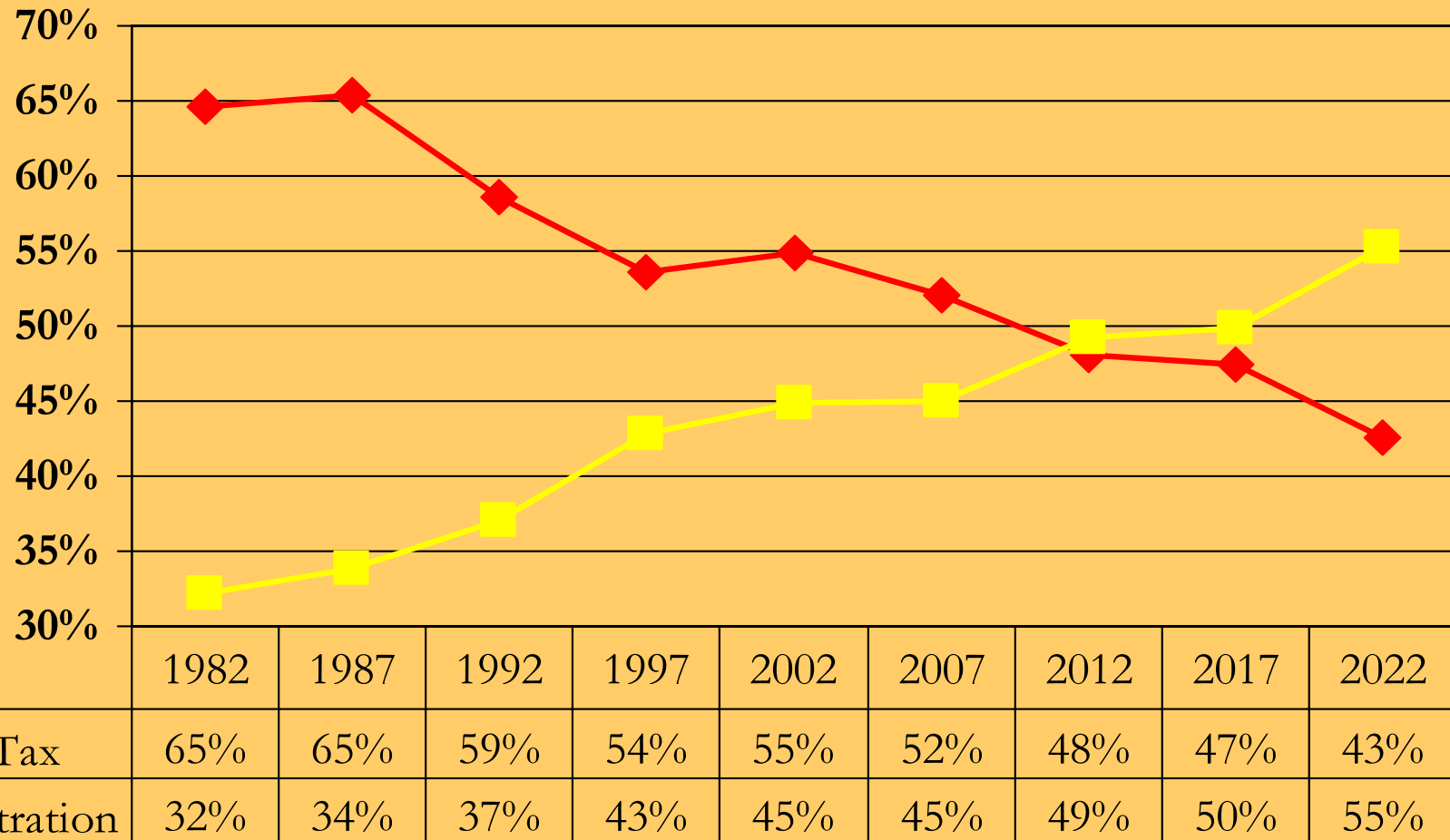
- \$1 billion in federal aid
- \$2 billion in state user fees



# Michigan Fuel Tax Rates

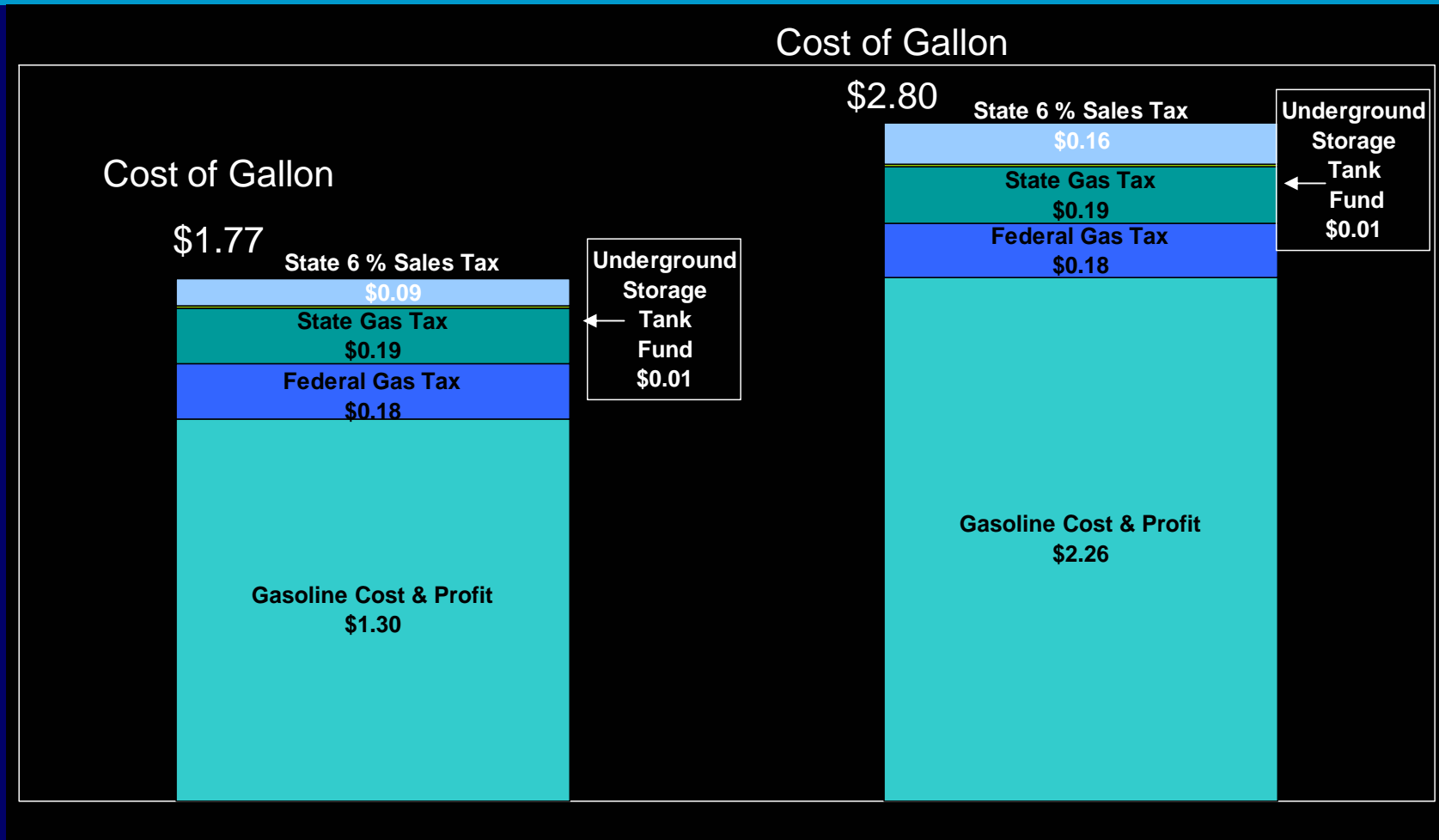


# Mix of Fuel Taxes and Registration Fees in MTF

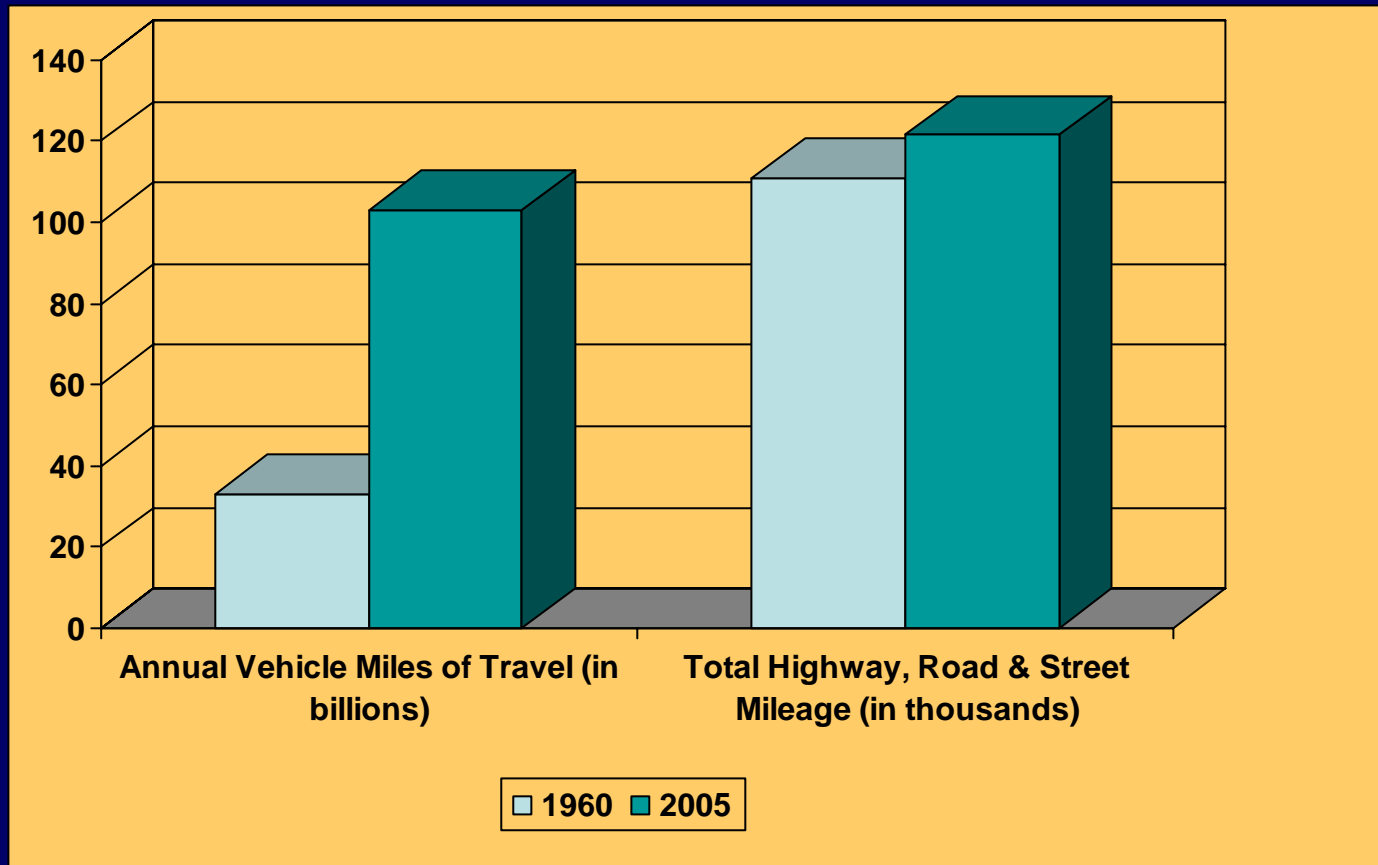


Registration Fees changed to value based in 1982

# Components of the Price of a Gallon of Gasoline

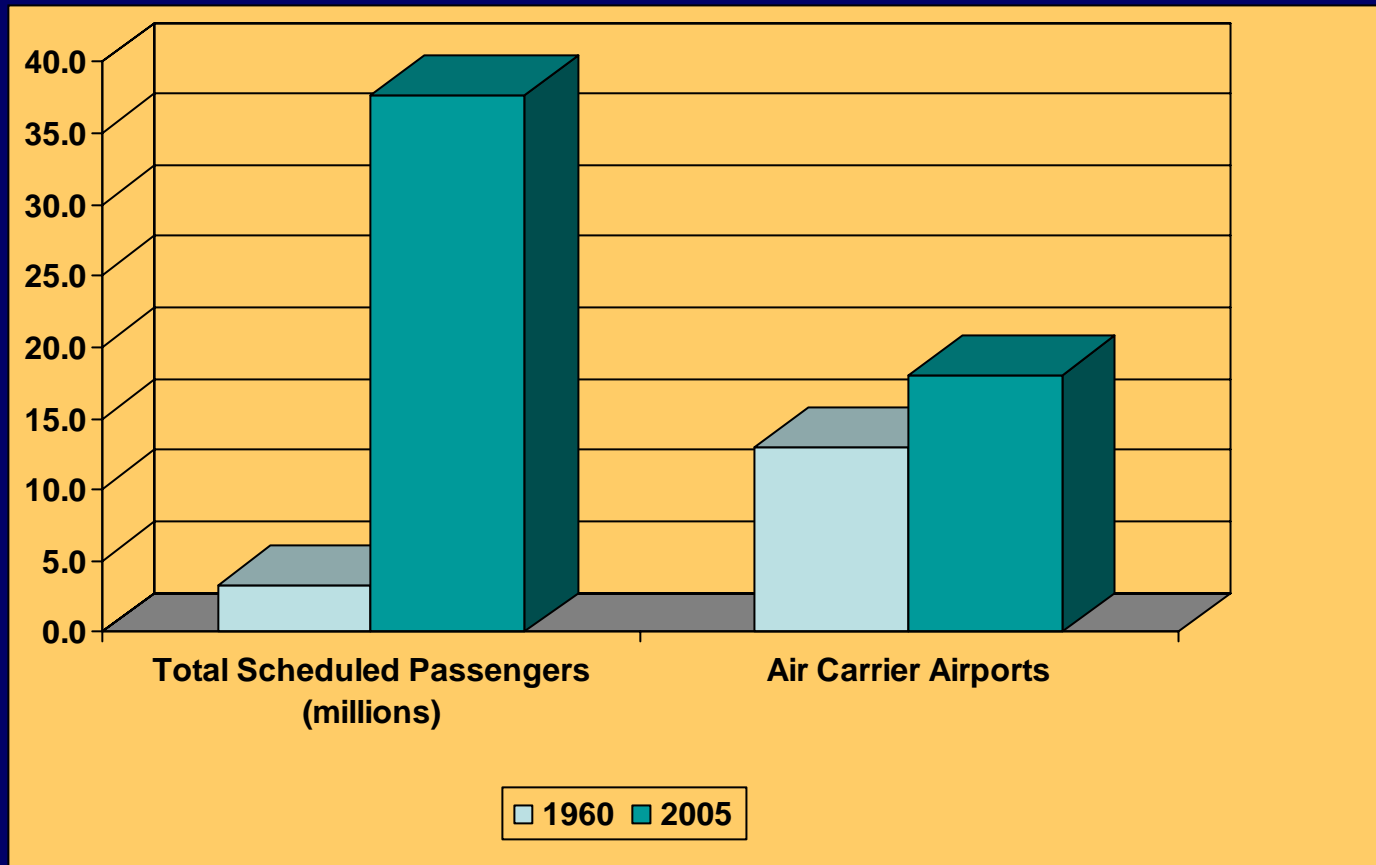


# Traffic Growth

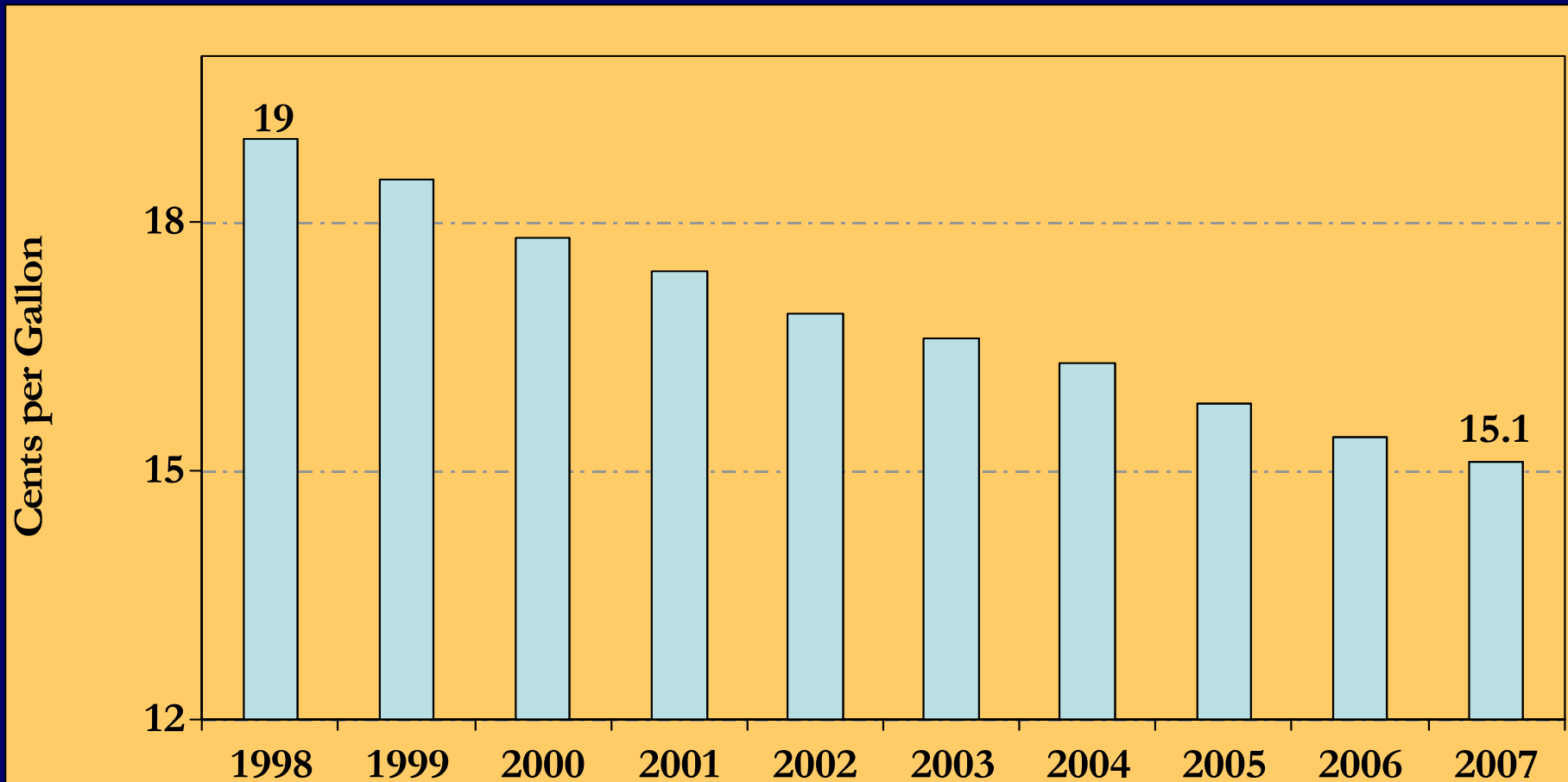




# Michigan Airline Passenger Growth



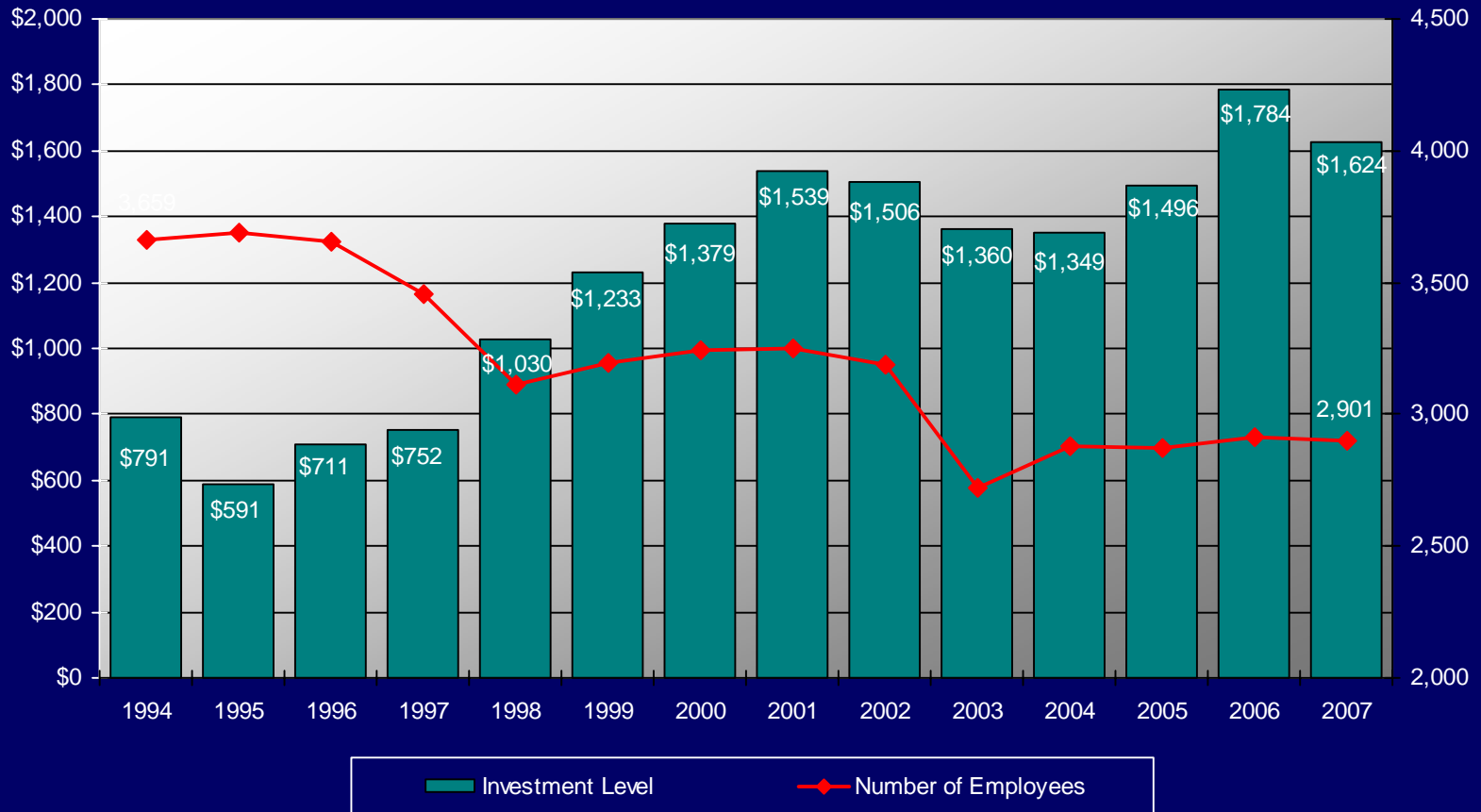
# Decline in Purchasing Power



The Purchasing Power of the State Gas tax has declined by 20.5% since 1998

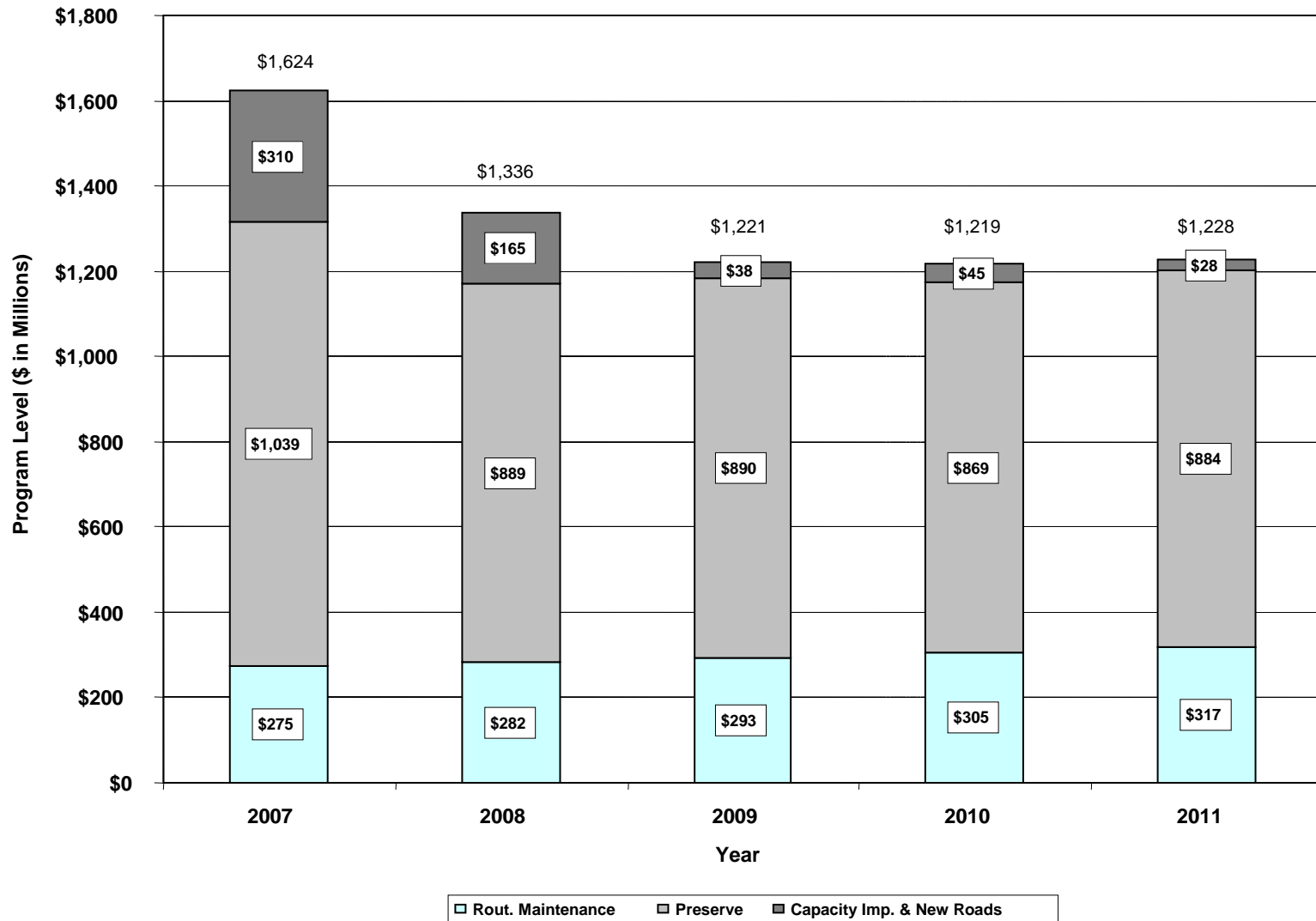
# MDOT Efficiencies

Announced Highway Program Amounts vs.  
Number of Employees (including routine maintenance)

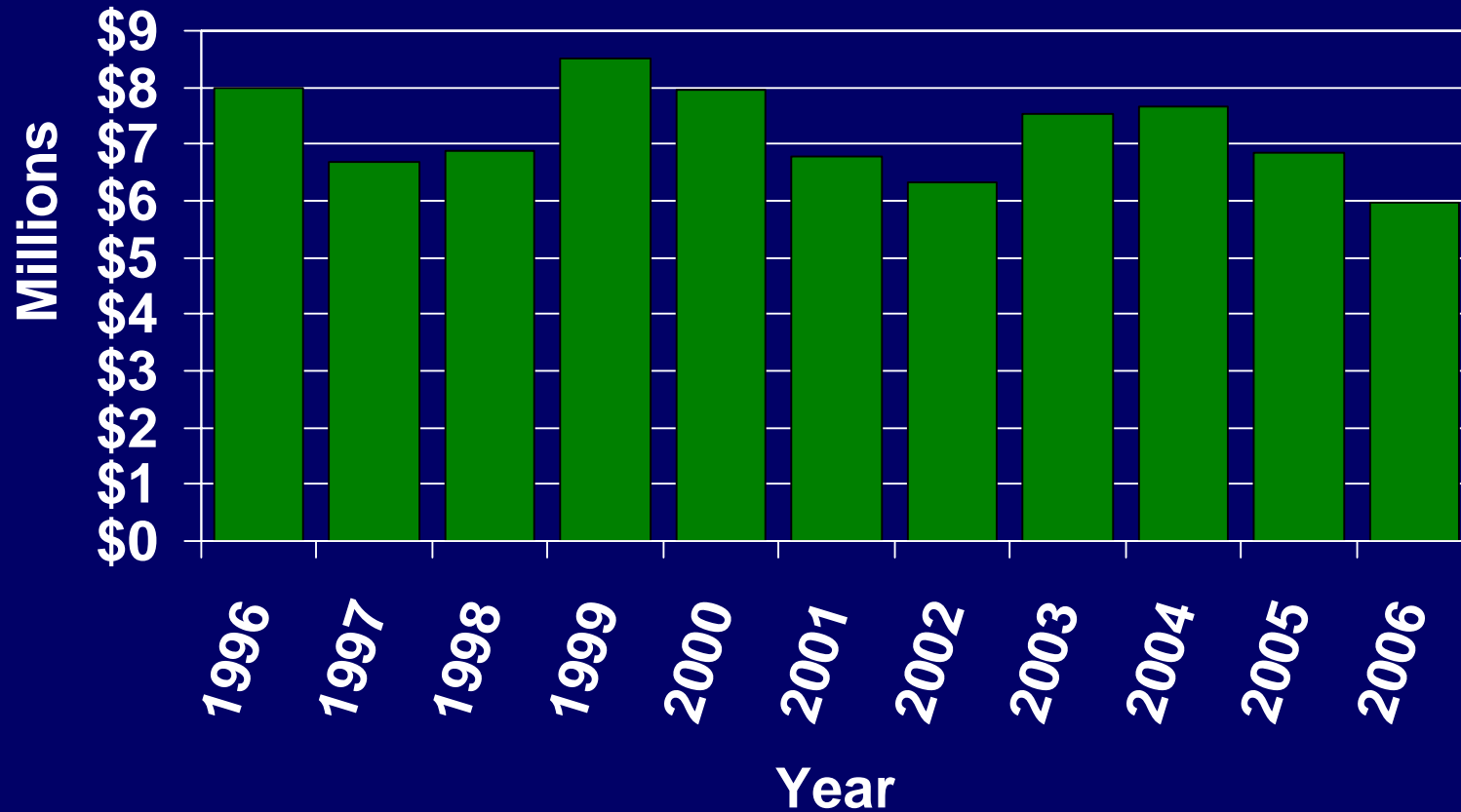


# Highway Investment

FY2007 to FY2011  
Five-Year Highway Program  
By Work Category

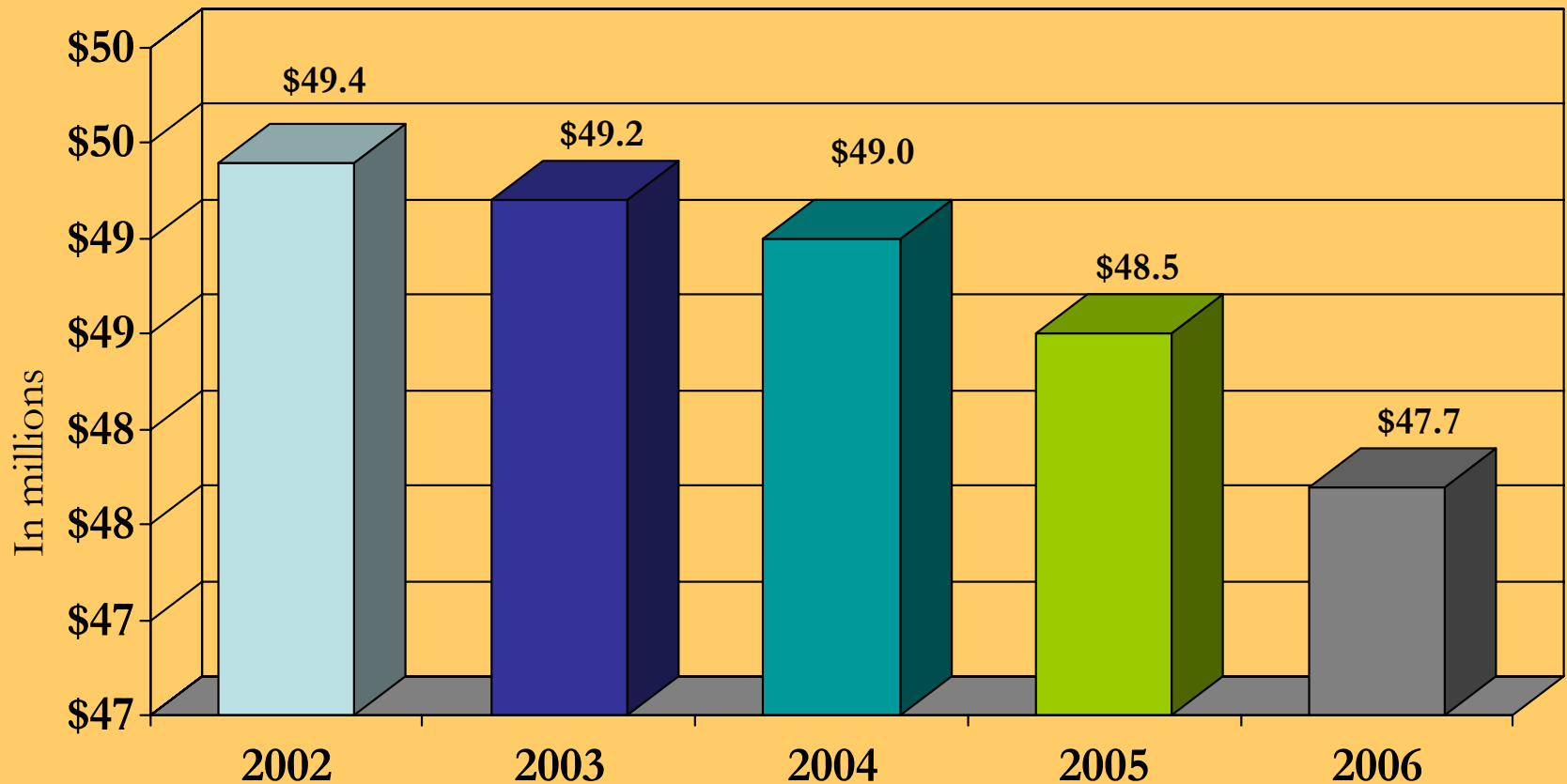


## Aviation Fuel Tax Revenue FY1996-2006



\* Represents not only a \$2.0 million nominal decrease in revenue, but an additional 25% loss of “buying power” when adjusted for the Detroit Consumer Price Index.

# The Last 5 Years – 1¢ represents . . . Of Gas Tax



# Aeronautics 2007 Budget Issues

- For FY2007, expenditure authorization for Bureau operations exceeds estimated revenue by 21%
- We will balance the FY2007 Aeronautics budget by:
  - Suspending the Air Service Program
  - Suspending AWOS equipment acquisition and installation
  - Suspending the ARFF Program
  - Keeping staff vacancies open
  - Eliminating all non-critical travel
  - Enhancing charge-backs to other state funds
  - Investigating new ways to fund major aircraft maintenance

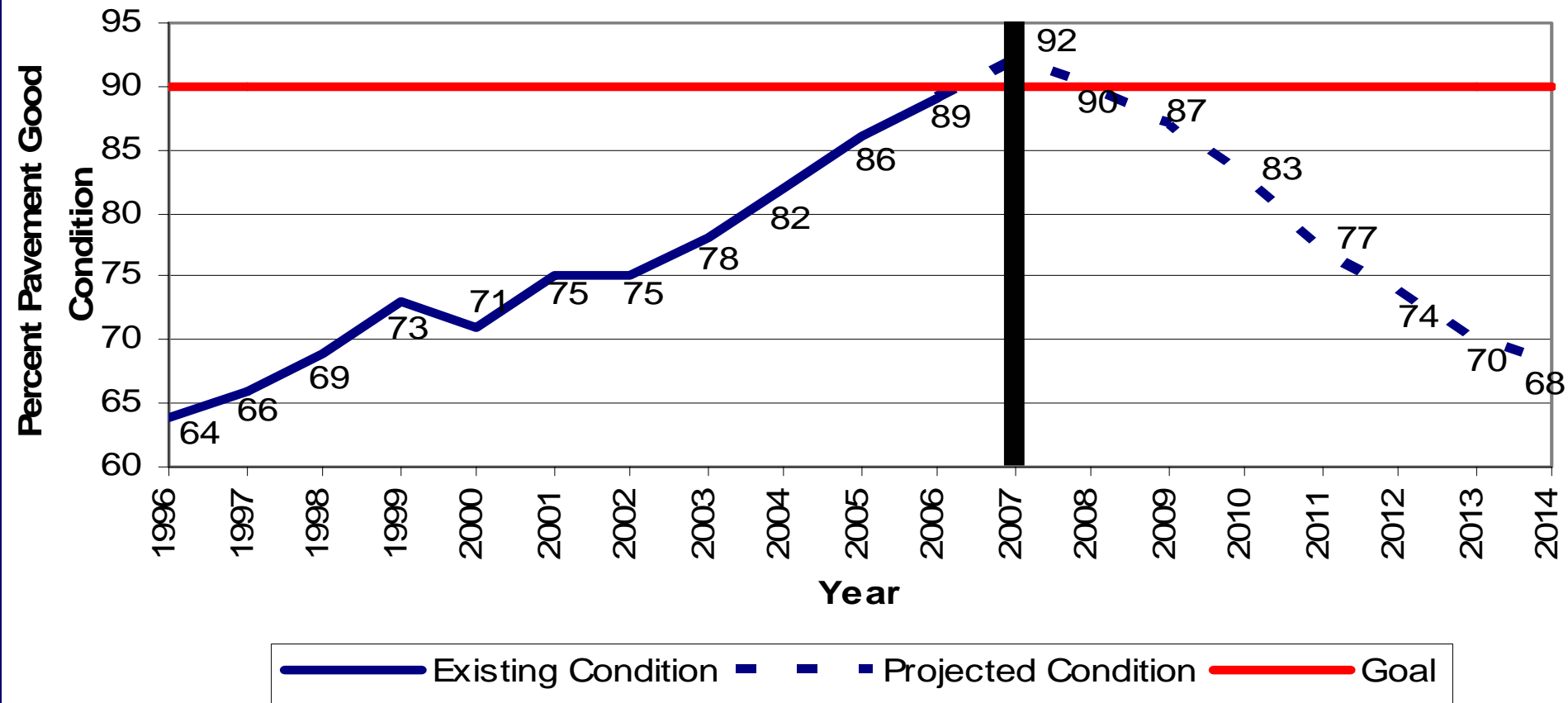
# Aeronautics Capital

- Requested Capital Needs - \$779,000,000
- Anticipated Federal Funds - \$490,000,000
- Funding Shortfall - \$289,000,000



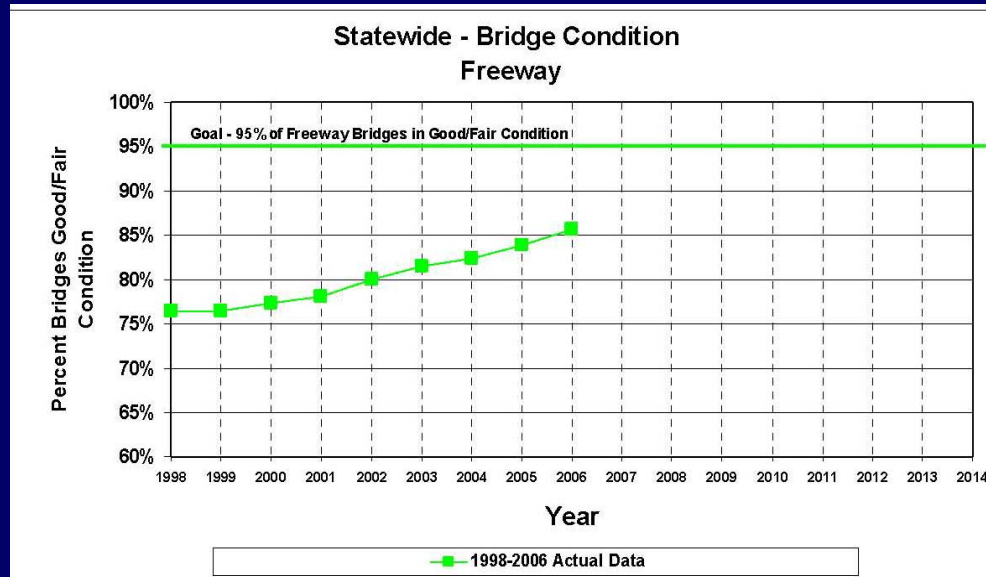
# Pavement Condition

## Statewide Pavement Condition Combined Freeway & Non-Freeway

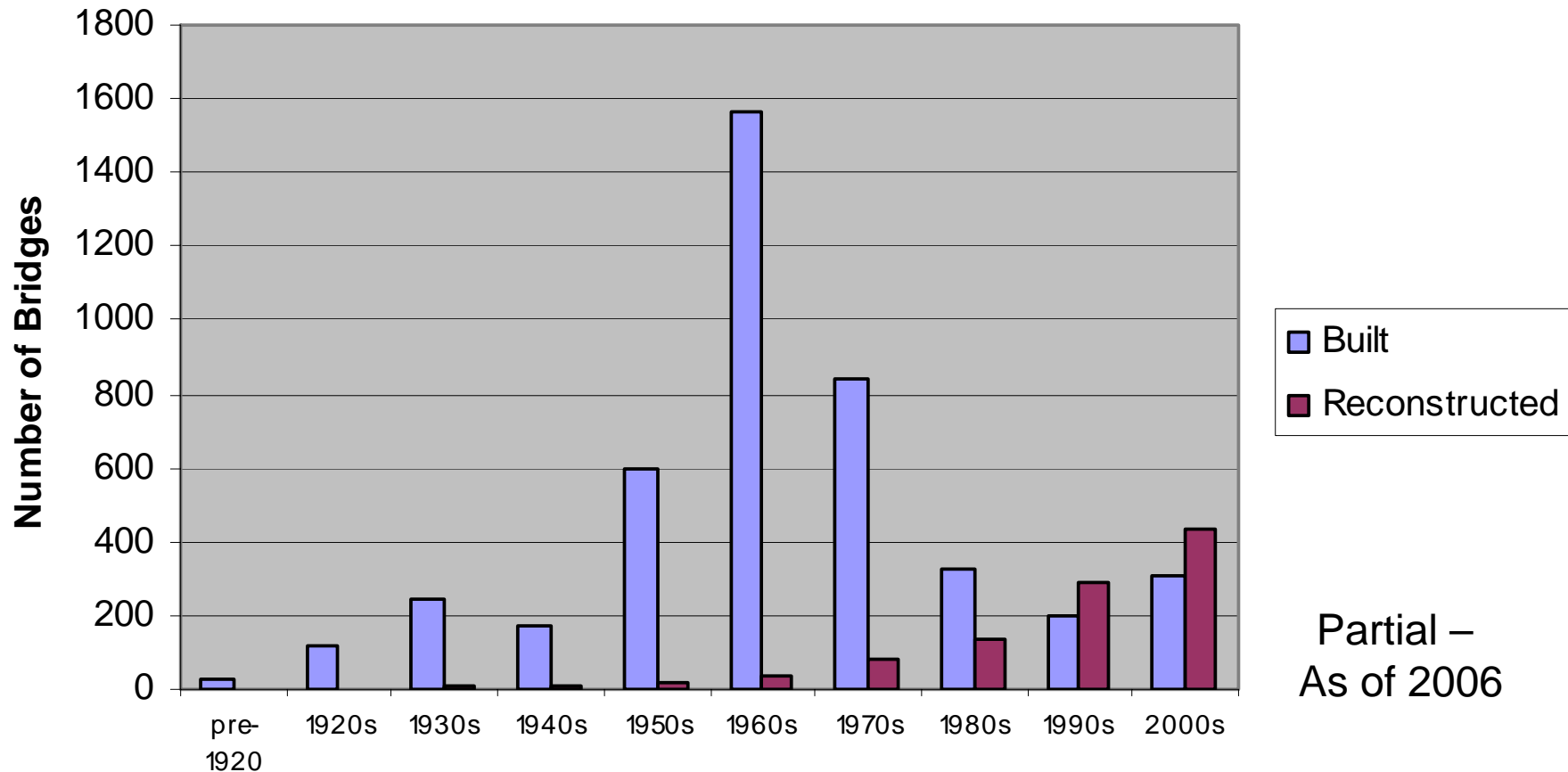


**Will meet the pavement goal, however, existing investment level will not sustain the condition**

# Bridge Condition



# MDOT Bridges by Decade



*Questions?*